

2026 Legislative Priority Proposal
Updated 9/15/25

Proposition 123 Reform: AMI Flexibility for Affordable Homeownership in Rural and Resort Communities	
Archuleta County (Warren Brown)	
Preferred Contact:	warren.brown@archuletacounty.org
Co-Sponsoring Counties/Commissioners:	La Plata County, Commissioner Matt Salka
Who is your subject matter expert?	Emily Lashbrooke, Executive Director for Pagosa Springs Community Development Corp. (970)-264-3023, Emily@pagosaspringscdc.org
Has this proposal been approved by your BoCC?	Yes
Have you reviewed the CCI Instructional Memo?	Yes
Describe the problem your proposal will solve.	The statutory 100% Area Median Income (AMI) cap for Proposition 123's Affordable Homeownership Program prevents effective deployment of funds in rural and resort communities with high construction costs and low AMI benchmarks. Essential workers are being disqualified from workforce housing opportunities by marginal AMI overages--as little as \$200 annually over the cap--despite clear need and inability to afford market-rate homes.
Areas of Impact:	Functionality of county programs or services; Power/Authority/Mandate of county government; General community advancement.
What is the ultimate source of this problem?	Statutory inflexibility in Proposition 123 implementation; outdated one-size-fits-all income cap.
What is your initial proposal to solve this problem?	Amend CRS 29-32-105.5 to allow rural and resort communities to petition for AMI eligibility flexibility in Proposition 123-funded programs. This includes: <ul style="list-style-type: none"> • Authorizing municipalities, tribal governments, housing authorities, and nonprofits to petition for higher AMI caps; • Requiring justification based on housing needs assessments, local affordability gaps, and workforce housing patterns; • Ensuring funding remains targeted toward affordability through deed restrictions and income-based pricing.
Please provide sample language for this solution.	"Draft Amendment to HB23-1304 SECTION X. In Colorado Revised Statutes, amend 29-32-105.5 as follows:

	<p>29-32-105.5. Alternative eligibility for programs : local petition process : legislative declaration : definitions.</p> <p>(1) (a) The General Assembly finds and declares that: (I) The lack of affordable housing affects communities across Colorado, and Proposition 123 was approved by voters to address this issue statewide; (II) Income thresholds set by area median income (AMI) percentages may not always reflect local economic conditions, leading to unintended disqualifications for households narrowly exceeding the eligibility criteria; and (III) A formalized petition process should allow local governments, housing authorities, and other eligible entities to seek AMI flexibility when demonstrated housing and workforce needs justify such an adjustment.</p> <p>(b) It is the intent of the General Assembly that the petition process established in this section ensures that affordable housing funding remains accessible to communities experiencing affordability gaps while maintaining the program's commitment to serving lower-income households.</p> <p>(2) As used in this section, unless the context otherwise requires: (a) "Petition" means a formal request submitted by a local government, tribal government, or eligible housing entity to the division for an adjustment to AMI eligibility requirements. (b) "Eligible Entity" includes municipalities, counties, tribal governments, regional housing authorities, and nonprofit housing organizations designated to receive funding under this article.</p> <p>(3) Notwithstanding the requirements set forth in Section 29-32-104(1), a local government, tribal government, or eligible entity may petition the Division of Housing to use adjusted percentages of AMI for determining eligibility for affordable housing programs, including but not limited to:</p> <p>(a) Affordable Homeownership program (a) The land banking program; (b) The affordable housing equity program; and (c) Debt financing programs that are part of the concessionary debt program specified in Section 29-32-104(1)(c)(I) and (1)(c)(III).</p> <p>(4) A petition submitted under this section must include: (a) A housing needs assessment conducted within the past six years, incorporating: (I) Data from the state demographer or other publicly accessible sources; (II) Local workforce commuting patterns and housing cost burden analysis; and (III) Justification for the requested AMI adjustment, including evidence that households marginally exceeding the current AMI cap face affordability challenges. (b) A statement from the governing body of the</p>
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	<p>local government or tribal government supporting the petition; (c) An impact analysis outlining how the proposed AMI adjustment would improve housing accessibility while maintaining the program's affordability objectives.</p> <p>(5) Upon receiving a petition, the Division shall: (a) Post notice of the petition on its website and establish a public comment period of no less than 30 days; (b) Evaluate the petition based on the submitted housing needs assessment, workforce conditions, and affordability trends; (c) Approve or deny the petition within 60 days, with written justification for its decision.</p> <p>(6) If a petition is approved, the Division shall establish an AMI adjustment, which may: (a) Allow households earning up to a percentage of AMI that meets the needs of the petitioning jurisdiction to qualify for for-sale affordable housing, provided that the household's total monthly housing cost does not exceed 35% of gross income; (b) Provide temporary AMI flexibility for a period of up to five years, subject to review and renewal; and (c) Require periodic reporting from the petitioner on the impact of the adjusted AMI eligibility on housing accessibility and affordability in the region.</p> <p>(7) Approval of a petition under this section does not exempt projects from requirements ensuring affordability, including long-term deed restrictions and income-based pricing models.</p>
<p>Are there any solutions that do not require state-level legislation?</p> <p>Has your county explored these alternatives?</p>	<p>No, unfortunately this must be addressed through legislation.</p> <p>Yes. Local subsidy efforts remain insufficient under current AMI limits and restrictions.</p>
<p>Has CCI or any other organizations sought a solution to this problem before?</p>	<p>Not formally to date.</p>
<p>What possible organization(s) would support your proposed solution?</p>	<p>Colorado Counties Inc. (CCI)</p> <p>CAST Housing Task Force</p> <p>Club 20</p> <p>Region 9 Economic Development</p> <p>Archuleta County</p> <p>La Plata County</p> <p>Montezuma County</p> <p>Colorado Council of Churches</p>

What possible organization(s) would oppose your proposed solution?	Path 2 Zero
Have you spoken with any legislators about your proposed solution? If so, what was their response?	Senator Cleave Simpson is willing to submit a bill to formally introduce into the legislative process, and he indicated that Senator Mark Baisley will also be on board. Rep. Katie Stewart has indicated to La Plata County Commissioner Matt Salka that she would be interested in supporting the bill as well.
What are the financial implications of this problem to your county? Are there any financial implications to this solution either?	Allows for more effective deployment of state dollars toward workforce housing, reducing local subsidy burdens. Greater flexibility in AMI thresholds will allow the community to retain its essential workforce--such as teachers, healthcare workers, and service industry employees--by increasing access to attainable homeownership. Without this flexibility, the county risks losing these workers to more affordable regions, which would strain local services, reduce economic stability, and increase long-term costs related to recruitment, training, and turnover.
What are the financial implications of this problem to any other impacted parties? What are the financial implications of this solution to any other impacted parties? <i>Please consider any relevant Colorado State Departments.</i>	State: Better utilization of homeownership funds. Communities: Improved housing access for essential workers. Developers: Enhanced viability for workforce housing projects.
Staff Feedback	<u>Risk/Difficulties:</u> Medium - External stakeholders, so far, have been receptive to having this conversation (and will be with the proponents next week); if we are able to convince the initial Prop 123 Proponents (Gary Community Ventures) with data, this should be achievable. <u>Time Commitment:</u> Medium - If everyone can get on board (Gary Community Ventures, other affordable housing advocates, state departments, Governor's office municipalities), which seems achievable, but requires time, the time commitment is likely to be low.